

FRAGRANCE AND PERSONAL CARE

## Estee Lauder's recent acquisitions result in strong 2017 financial performance

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*Lipstick was a popular product for Q4 and FY 2017. Image credit: Estee Lauder*

By STAFF REPORTS

Beauty conglomerate Estee Lauder Cos. expects its momentum to continue in 2018, after reporting full-year net sales that increased by 5 percent in fiscal year 2017.

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Estee Lauder also ended the fourth quarter on a high note with net sales increasing by 9 percent, for the period ending June 30. During the fourth quarter of 2017, Estee Lauder reported net sales of \$2.89 billion, compared to \$2.65 billion from the year-ago quarter.

Boosted by M&As

Estee Lauder attributes its strong performance for FY 2017 and Q4 2017 to its recent acquisitions of Too Faced and Becca ([see story](#)). The sales from these two brands contributed to about 3.5 percent of Estee Lauder's sales growth.

In Q4 2017, Estee Lauder's sales benefited from new products and double-digit growth in a number of developed and emerging markets, especially China. Also, Estee Lauder saw gains in its travel retail, online and specialty-multi channels.

For the year, Estee Lauder's net sales were \$11.82 billion, a 5 percent increase from the prior year's \$11.26 billion. As with Q4, Estee Lauder's performance is tied to contributions from Too Faced and Becca.

By category, the beauty conglomerate saw its skincare net sales increase. La Mer, for example, showed strong double-digit gains due to new product launches, its skincare staples and its consumer expansion strategy.

Estee Lauder's makeup sales also increased. In addition to the strong performance of Too Faced and Becca, Tom Ford Beauty saw double-digit increases in every region. Tom Ford Beauty's results were driven by its lipstick lines and new products such as its annual Tom Ford Soleil collection for summer.



Yes, we need them all... #lipgloss #makeupobsessed

A post shared by Este Lauder (@esteelauder) on Aug 17, 2017 at 8:38am PDT

Net sales in the fragrance category grew as well. Jo Malone London, Tom Ford and Le Labo all posted double-digit gains. The recently acquired By Kilian also posted incremental sales ([see story](#)).

Most of the markets where Este Lauder retails recorded sales growth, with many posting double-digit increases, led by Russia, Italy, the Balkans, Israel and India.

In Asia, Hong Kong did not record growth, but China had double-digit growth. Strong sales were also seen in Japan, South Korea and Taiwan.

North American sales benefited from Este Lauder's newest brands Too Faced, Becca and By Kilian. Canadian sales were flat for the year, but Latin America posted double-digit sale increases.



*Este Lauder's flagship brand. Image credit: Este Lauder*

"Throughout the fiscal year, our momentum accelerated, culminating in an outstanding fourth-quarter performance that completed another year of strong net sales and earnings per share growth," said Fabrizio Freda, president and CEO of Este Lauder Cos., in a statement.

"These results reflect our success in pivoting our business to the fastest-growing areas of prestige beauty to align with consumers' changing shopping preferences," he said. "With our leading brands, quality innovations and the acquisition of two makeup brands, we attracted new consumers globally."

Looking ahead to fiscal 2018, Mr. Freda said, "We expect the great momentum we built throughout the past year to continue in fiscal 2018."

"We are well-positioned to deliver strong profitable growth as we deploy our prestige brand portfolio to new consumers globally through our hero product franchises and robust new product pipeline, new digital-first marketing approach and focused expansion for our smaller to mid-sized brands," he said.

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